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No. 06-722

IN THE

Supreme Court of the United States

FUJI KOGYO CO., LTD.,

Petitioner,

v.

PACIFIC BAY INTERNATIONAL, INC., BATSON ENTERPRISES, INC. and AMTAK LIMITED,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

REPLY BRIEF

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REPLY ARGUMENT

I. The New Legal Doctrines Announced By The Sixth Circuit Could Not Have Been Challenged In Advance At Trial

Respondents contend that petitioner should have requested a formal claim construction at trial in order to be permitted to challenge the Sixth Circuit's application of the doctrine of equivalents in disregard of claim elements. Respondents' contention is a *non sequitur*: there is no relationship between whether a formal claim construction process was undertaken at trial and the Sixth Circuit's announcement of new legal doctrines in order to resolve the appeal. Indeed, one of the apparent purposes of the new legal doctrines was to avoid a direct assessment of claim scope, and thus the applicability of the presumptions set forth in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), which presumptions had been the primary basis of the district court's functionality ruling. Respondents' waiver contention thus fails at the threshold, due to lack of nexus between the trial court proceedings and the issues on which certiorari is sought.

Moreover, petitioner does not argue that the district court's error lay in its failure to conduct a formal claim construction.[1] The principal error of the district court was, instead, its application of the "strong evidence" and "heavy burden" presumptions announced in *TrafFix*, in the absence of a determination that the asserted trademark designs were claimed in the utility patents at issue. Where the designs are not claimed, the *TrafFix* presumptions do not apply. Thus, a

[1] If a formal claim construction had been required, it would have been incumbent on the respondents, not petitioner, to seek such a construction, because the respondents were both the proponents of the relevance of Fuji Kogyo's utility patents and the party having the burden of establishing the functionality of Fuji Kogyo's registered trademarks.

primary basis of petitioner's appeal to the Sixth Circuit was the district court's reliance on a legal principle requiring, as a necessary predicate, a determination of claim scope, where that determination was both not made and, had it been made, could not have concluded that petitioner's designs were claimed. The district court had discretion over how to make the determination, but was not free to apply presumptions without first determining that the basis for such application existed.

II. The Sixth Circuit's Application of the Doctrine of Equivalents is Inconsistent With Federal Circuit and Supreme Court Authority

The respondents do not dispute that the Sixth Circuit's application of the doctrine of equivalents to the LV and SV designs was inconsistent with that doctrine as it is applied by the Federal Circuit in patent infringement cases. Respondents argue, instead, that there was no need for the Sixth Circuit to apply a conventional doctrine of equivalents analysis in a product configuration trademark case. *See* Oppos. Br. at 9-11 & 18-19.

This argument ignores that this Court, in *TrafFix*, made patent claim scope central to the evidentiary significance of utility patents. This Court granted certiorari in *TrafFix* to resolve a split in the circuits "on the issue whether the existence of an expired utility patent forecloses the possibility of the patentee's claiming trade dress protection in the product's design." 532 U.S. at 28. The Court resolved the split by announcing evidentiary presumptions dependent on whether the features asserted as trademarks were *claimed* in the patent asserted to be relevant. *See* 532 U.S. at 29-31 (making six references to the significance of the patent claims). It was implicit in the *TrafFix* decision that where the features are not claimed, then the "strong evidence" and

"heavy burden" presumptions are not applicable.[2] This does not mean that the patent specification could not be, in those circumstances, consulted for whatever evidentiary significance it might have, but it does mean that the utility patent would not be entitled to any special weight (especially not the effectively determinative weight the utility patents were given by the district court).

Modifying the doctrine of equivalents to serve some purpose other than permitting the claims to cover a product that is insubstantially different from the claimed invention would be detrimental to both patent and product configuration law. The only purpose of the doctrine of equivalents is to ensure that substantial copying of a claimed invention is infringement. While it is acknowledged that the existence of such a doctrine makes the scope of patent claims less certain, this is considered the price of giving appropriate incentives for invention. *See, e.g., Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-32 (2002).

The Sixth Circuit's invocation of the doctrine of equivalents was not for the purpose of giving appropriate incentives to invention, but for the purpose of asserting compliance with the standard set forth in *TrafFix*. However, a patent claim does not cover a product, so as to make the product subject to the *TrafFix* presumptions, if the only way the product can be shoehorned within the claim bounds is by application of a doctrine bearing no relationship to the doctrine of equivalents as defined by this Court and the Federal Circuit. Indeed, the Sixth Circuit's assertion that

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[2] The *TrafFix* decision did not address whether its evidentiary presumptions applied with respect to assertions of registered trademarks, as to which the burden of proving functionality lies on the accused infringer, a situation opposite to that presented in *TrafFix*. Three out of four of the present designs are registered trademarks.

equivalence was present was entirely conclusory, even aside from its conceded vitiation of claim elements. Adoption and use of such an illusory standard, under the guise of the patent "doctrine of equivalents," would introduce into both product configuration trademark law and patent infringement law the standardless flexibility criticized by Justice Bradley:

> Some persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express.

White v. Dunbar, 119 U.S. 47, 51 (1886).

Neither the Sixth Circuit nor the respondents identify any benefit that would accrue to the law from allowing such a nebulous application of the "doctrine of equivalents" in a product configuration context. The only advantage appears to be the expedient one of allowing trademark infringement defendants, such as the respondents in this case, to avoid being subjected to an analysis of the functionality evidence under the proper legal standard. This Court should grant certiorari to ensure the uniform application of the principles announced in *TrafFix* and to avoid the creation of variant forms of the doctrine of equivalents.

Indeed, if *TrafFix* is to be so applied, it would be better to eliminate the presumptions that were announced in *TrafFix* and to permit functionality to be evaluated on the basis of all the evidence, giving utility patents whatever weight they may be entitled. In a case like *TrafFix*, where the novel aspect of the invention was also the asserted trade dress feature, that weight may be very high. In a case like this one, where functional benefits of the leg curvatures are not addressed in the patents, that weight should be very low.

III. The Sixth Circuit's Refusal to Entertain Trademark Status For the N and LR Designs Based on Their Resemblance to the '027 and '504 Patents is Inconsistent With *TrafFix*

Respondents dispute petitioner's assertion that the Sixth Circuit, inconsistently with *TrafFix*, treated the N and LR designs as ineligible for trademark status based on their resemblance to the patent drawings. The respondents assert that the Sixth Circuit looked to the patent specification as a whole, not just the drawings, although respondents do not explain how the physical resemblance on which the Sixth Circuit relied could be ascertained from something other than the drawings. *See* Oppos. Br. at 11-13.

The Sixth Circuit's error, however, did not depend on whether it looked solely to the drawings or also considered other aspects of the specification. The Sixth Circuit ruled that the N and LR designs were "in the public domain" because of the resemblance of the designs to the preferred embodiments described in the specification (Pat. App. 9-10), without consideration of either the claims or the potential ornamentality of the leg curvatures:

> [W]e note that Fuji's model N guide is nearly identical to the specification disclosed in the '027 patent as the preferred embodiment of its invention. In this case, Fuji has sought to trademark a patent's disclosed specification for a product that is utilitarian and unadorned. On the strength of this identity, the obvious utility of the design, and the method disclosed for fashioning line guides in the '027 patent, this design must be considered now to be

in the public domain.[3] Further, Fuji's LR-type guide is substantially identical to the specification disclosed in the '504 patent. For the same reasons, this design should also be considered in the public domain. When a utility patent expires, "there passes to the public the right to make the machine in the form in which it was constructed during the patent." *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896). As an inescapable consequence of this right, a court may not prevent an individual skilled in the art of line guide manufacture from duplicating the specification disclosed in either the '027 or '504 patent and creating guides identical to the N and LR models. *See* 35 U.S.C. § 112. Therefore, based solely upon our understanding of patent law, the district court was justified in cancelling Fuji's '505 registration and dismissing its claims based upon its unregistered LR design.

The Sixth Circuit's assertion that mere physical resemblance of a product to a design disclosed in a utility patent is dispositive of eligibility for trademark status is inconsistent with both *TrafFix* and the relationship between patent and trademark law. In *TrafFix*, this Court ruled that a design that was both disclosed in a patent and claimed might nonetheless be eligible for use as a trademark if it included arbitrary, incidental or ornamental aspects, "such as arbitrary curves in the legs." 532 U.S. at 34. Because the Sixth Circuit considered the N and LR designs to be per se ineligible for trademark use, it never reached the issue of whether the curvature of the legs used in those designs (or

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[3] The Sixth Circuit did not explain what it meant by "the obvious utility of the design." While the line guides disclosed in the '027 patent could be stamped out of a single sheet of metal, that was also true of a variety of other leg curvatures that were not the same as those used in the N line guide. *See* JA 2242, 2297-98, 2305.

the LV or SV designs, for that matter) could be considered arbitrary or ornamental.

The Sixth Circuit's focus on the "dedication to the public" that occurs upon the expiration of a utility patent was unduly myopic. What expires with a patent is the right to exclude that is bestowed on the inventor for creation of an innovation and disclosure of that innovation to the public. The expiration of the patent frees the public from that limitation, but it has no effect on any limitations on the ability of the public to utilize the invention that may arise from other sources. For example, if a claimed device is subject to some other, unexpired, patent, that may limit ability of the public to practice the invention. Also, if the invention is a new gun and gun control has been enacted, the public may not be able to make and sell such guns. And, if some nonfunctional aspect of the depicted device has acquired source-signifying meaning among the public, versions of the device that include that aspect may not be sold by others. This principle was recognized by this Court in *TrafFix* and is inconsistent with the Sixth Circuit's treatment of physical resemblance between a feature disclosed in a patent and a product configuration as dispositive.

IV. The Sixth Circuit's Affirmance Was Not Based on Clear Error Review of Factual Findings

Respondents mischaracterize the Sixth Circuit's opinion as an affirmance of the district court's findings under the clear error standard. However, this ignores that the district court's conclusion on functionality was dominated by its misapprehension of the relevance of utility patents under the *TrafFix* decision and failure to focus on the particular line guide leg designs at issue. Most of the supposed evidence cited by the respondents in their brief was not relied upon by the district court and thus could not be the basis for a "clear

error" affirmance by the Sixth Circuit. The Sixth Circuit's new legal doctrines and inappropriate appellate-level fact finding were efforts to supply a rationale supportive of the district court's conclusion. However, there is no reason to suppose that the district court, had it properly understood the role of utility patents under the *TrafFix* decision, would have reached the conclusion it did with respect to functionality, particularly given the weight it attached to the testimony of petitioner's expert. Thus, the Sixth Circuit's resolution of the case was *de novo*, and not pursuant to affirmance of factual findings made below.

The substantive analysis of the district court is short. It extends from the bottom of Appendix page 95 to the middle of page 99. The district court devoted most of that analysis to a discussion of petitioner's utility patents. The court noted that the '504 patent claimed a "plurality of legs," but never addressed that petitioner had not registered or claimed trademark rights in line guide legs per se. The court then quoted from the '488 patent, emphasizing reference to the two legs being attached to the side of the rod, so as to resist lateral forces. However, the district court did not appear to realize that none of the designs at issue attach the legs to the side of the rod as described in the '488 patent. The district court then quoted from the '759 patent as indicative of the importance of avoiding line entanglement. However, the court seemed not to know that the '759 patent taught to avoid line entanglement by mounting an oblong ring at an angle to the rod, an approach taken by none of the designs at issue:

Finally, the district court noted that the method of the '027 patent was economical, because it involved few steps, and

that the '027 patent referred to the aesthetic appearance of the line guide only after mentioning that fact.

After further discussion of the utility patents, the district court referred to the strength of petitioner's line guides, as reflected in advertisements and a trade magazine article.[4] The district court then concluded:

> Under *TrafFix Devices*, such facts are strong evidence of the guides' functionality. From these facts, the Court concludes that the legs are essentially functional and the added efficiencies from the use of curved legs impacts the cost of producing the line guide.

Pet. App. 98. The district court having primarily discussed the utility patents and utility patents being the only things mentioned in *TrafFix* as "strong evidence" of functionality demonstrates that the district court's conclusion hinged on its misapplication of *TrafFix*'s teachings regarding the significance of petitioner's utility patents. This was further emphasized later on the same page, when the court gave *TrafFix* as the reason it discounted expert evidence of nonfunctionality that it otherwise would have given weight:

> Absent the presence of the legs as key features in its expired prior utility patents, the Court would find [Fuji's] expert opinion testimony more persuasive than [respondents' expert] testimony on the functionality issue. Yet, given *TrafFix Devices*' reference that the presence of the disputed features in an expired utility patent is strong evidence of functionality and given

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[4] The district court's assertion that the advertisements refer to the strength as arising from the curvature is incorrect. JA 672-76. Nor was there any foundation for the statement in the article, which was contradicted by the expert testimony that the court found credible.

> Fuji's statements in its patent papers that the legs served a functional purpose, with any aesthetics being a byproduct, the Court concludes these facts outweigh the divided expert testimony on the functionality of Fuji's line guides.

The district court again relied on *TrafFix* as a basis for distinguishing a guitar product configuration case it had recently decided: "Under *Traffix Devices*, because the legs of Fuji's line guides were features of a utility patent, that fact is strong evidence of functionality." *Id.* at 99.

The district court's misapplication of *TrafFix* was the dominant reason for its functionality conclusion. Indeed, little evidence other than utility patents is even mentioned in its conclusions of law. The district court did not understand the relevance of the utility patents on which it relied, in that it never addressed whether the asserted designs were within the claims of those patents or whether the comments in the patents were pertinent to the asserted designs.

Accordingly, there is no merit to respondents' contention that the Sixth Circuit's affirmance, which did not discuss the district court's actual utility patent analysis, was only a review for clear error.

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